

Meeting of the

OVERVIEW & SCRUTINY COMMITTEE

Tuesday, 2 August 2011 at 5.30 p.m.

A G E N D A

VENUE

Room M71, 7th Floor, Town Hall, Mulberry Place, 5 Clove Crescent,
London, E14 2BG

Members:	Deputies (if any):
Chair: Councillor Ann Jackson	
Vice-Chair: Councillor Saunders	Rachael
Councillor Tim Archer	Councillor Peter Golds, (Designated Deputy representing Councillor Tim Archer)
Councillor Stephanie Eaton	Councillor David Snowdon, (Designated Deputy representing Councillor Tim Archer)
Councillor Fozol Miah	Councillor Harun Miah, (Designated Deputy representing Councillor Fozol Miah)
Councillor Sirajul Islam	Councillor Judith Gardiner, (Designated Deputy representing Sirajul Islam, Ann Jackson, Rachael Saunders, Zenith Rahman, Helal Uddin and Amy Whitelock)
Councillor Amy Whitelock	Councillor Ahmed Adam Omer, (Designated Deputy representing Ann Jackson, Sirajul Islam, Zenith Rahman, Helal Uddin and Amy Whitelock)
Councillor Zenith Rahman	Councillor Bill Turner, (Designated Deputy representing Ann Jackson, Sirajul Islam, Zenith Rahman, Helal Uddin and Amy Whitelock)
Councillor Helal Uddin	

[Note: The quorum for this body is 3 voting Members].

Co-opted Members:

1 Vacancy	– (Parent Governor Representative)
Mr Mushfique Uddin	– (Muslim Community Representative)
Vacancy	– Roman Catholic Diocese of Westminster Representative
Canon Michael Ainsworth	– (Church of England Diocese Representative)
Jake Kemp	– (Parent Governor Representative)
Rev James Olanipekun	– (Parent Governor Representative)

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact:

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LONDON BOROUGH OF TOWER HAMLETS
OVERVIEW & SCRUTINY COMMITTEE

Tuesday, 2 August 2011

5.30 p.m.

SECTION ONE

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Chief Executive.

3. UNRESTRICTED MINUTES

3 - 14

To confirm as a correct record of the proceedings the unrestricted minutes of the meeting of the Overview and Scrutiny Committee held on 5 July 2011.

4. REQUESTS TO SUBMIT PETITIONS

To be notified at the meeting.

5. REQUESTS FOR DEPUTATIONS

To be notified at the meeting.

6. SECTION ONE REPORTS 'CALLED IN'

There were no Section One reports 'called in' from the meeting of Cabinet held on 6 July 2011.

**7. PRE-DECISION SCRUTINY OF SECTION ONE
(UNRESTRICTED) CABINET PAPERS**

(Time allocated – 30 minutes).

8. REPORTS FOR CONSIDERATION

8 .1 Cabinet Report: Budget 2012/13 - 2014/15 - Resource Allocation and Budget Review 15 - 42

To consider the financial outlook paper.

8 .2 Cabinet Report - Contracts Forward Plan 43 - 50

To consider the Contracts Forward Plan Report

8 .3 Regulation of Investigatory Powers Act 2000 (RIPA) - Annual Report for 2010/2011 51 - 66

To update the Overview and Scrutiny Committee on the Council's use of the Regulation of Investigatory Powers Act 2000 ("RIPA") during 2010/2011.

8 .4 Council Motion 12.5 Housing Sales Phases 2 and 3

To consider the Motion 12.5 – Housing Sales Phases 2 and 3 which was referred to Overview and Scrutiny Committee by Council at its meeting held on 13 July 2011.

Report to Follow

8 .5 Scrutiny Work Programme

To receive a verbal update on the Scrutiny work programme for 2011/12.

9. VERBAL UPDATES FROM SCRUTINY LEADS

(Time allocated – 5 minutes each)

10. ANY OTHER SECTION ONE (UNRESTRICTED) BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

Agenda Item 2

DECLARATIONS OF INTERESTS - NOTE FROM THE CHIEF EXECUTIVE FOR MEMBERS OF THE OVERVIEW & SCRUTINY COMMITTEE

This note is guidance only. Members should consult the Council's Code of Conduct for further details. Note: Only Members can decide if they have an interest therefore they must make their own decision. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending at a meeting.

Declaration of interests for Members

Where Members have a personal interest in any business of the authority as described in paragraph 4 of the Council's Code of Conduct (contained in part 5 of the Council's Constitution) then s/he must disclose this personal interest as in accordance with paragraph 5 of the Code. Members must disclose the existence and nature of the interest at the start of the meeting and certainly no later than the commencement of the item or where the interest becomes apparent.

You have a **personal interest** in any business of your authority where it relates to or is likely to affect:

- (a) An interest that you must **register**
- (b) An interest that is not on the register, but where the well-being or financial position of you, members of your family, or people with whom you have a close association, is likely to be affected by the business of your authority more than it would affect the majority of inhabitants of the ward affected by the decision.

Where a personal interest is declared a Member may stay and take part in the debate and decision on that item.

What constitutes a prejudicial interest? - Please refer to paragraph 6 of the adopted Code of Conduct.

Your personal interest will also be a prejudicial interest in a matter if (a), (b) and either (c) or (d) below apply:-

- (a) A member of the public, who knows the relevant facts, would reasonably think that your personal interests are so significant that it is likely to prejudice your judgment of the public interests; AND
- (b) The matter does not fall within one of the exempt categories of decision listed in paragraph 6.2 of the Code; AND EITHER
- (c) The matter affects your financial position or the financial interest of a body with which you are associated; or
- (d) The matter relates to the determination of a licensing or regulatory application

The key points to remember if you have a prejudicial interest in a matter being discussed at a meeting:-

- i. You must declare that you have a prejudicial interest, and the nature of that interest, as soon as that interest becomes apparent to you; and
- ii. You must leave the room for the duration of consideration and decision on the item and not seek to influence the debate or decision unless (iv) below applies; and

- iii. You must not seek to improperly influence a decision in which you have a prejudicial interest.
- iv. If Members of the public are allowed to speak or make representations at the meeting, give evidence or answer questions about the matter, by statutory right or otherwise (e.g. planning or licensing committees), you can declare your prejudicial interest but make representations. However, you must immediately leave the room once you have finished your representations and answered questions (if any). You cannot remain in the meeting or in the public gallery during the debate or decision on the matter.

There are particular rules relating to a prejudicial interest arising in relation to Overview and Scrutiny Committees

- You will have a prejudicial interest in any business before an Overview & Scrutiny Committee or sub committee meeting where both of the following requirements are met:-
 - (i) That business relates to a decision made (whether implemented or not) or action taken by the Council's Executive (Cabinet) or another of the Council's committees, sub committees, joint committees or joint sub committees
 - (ii) You were a Member of that decision making body at the time and you were present at the time the decision was made or action taken.
- If the Overview & Scrutiny Committee is conducting a review of the decision which you were involved in making or if there is a 'call-in' you may be invited by the Committee to attend that meeting to answer questions on the matter in which case you must attend the meeting to answer questions and then leave the room before the debate or decision.
- If you are not called to attend you should not attend the meeting in relation to the matter in which you participated in the decision unless the authority's constitution allows members of the public to attend the Overview & Scrutiny for the same purpose. If you do attend then you must declare a prejudicial interest even if you are not called to speak on the matter and you must leave the debate before the decision.

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE

HELD AT 7.00 P.M. ON TUESDAY, 5 JULY 2011

**ROOM M71, SEVENTH FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

Councillor Ann Jackson (Chair)
Councillor Stephanie Eaton
Councillor Tim Archer
Councillor Helal Uddin
Councillor Rachael Saunders (Vice-Chair)
Councillor Zenith Rahman
Councillor Amy Whitelock
Councillor Sirajul Islam

Other Councillors Present:

Councillor Peter Golds
Councillor David Snowdon
Councillor Judith Gardiner
Councillor Carlo Gibbs
Councillor Alibor Choudhury

Co-opted Members Present:

Rev James Olanipekun – (Parent Governor Representative)
Canon Michael Ainsworth – (Church of England Diocese Representative)
Jake Kemp – (Parent Governor Representative)
Memory Kampiyawo – Education Representative

Guests Present:

– none

Officers Present:

Chris Naylor – (Corporate Director Resources)
Takki Sulaiman – (Service Head Communications, Chief Executive's)
Michael Keating – (Service Head, One Tower Hamlets)
Sarah Barr – (Senior Strategy Policy and Performance Officer, Strategy Policy and Performance, Chief Executive's)

Jill Bell	– Head of Legal Services (Environment), Legal Services
Lorna Spence	– (Research Officer, Strategy and Performance, Chief Executives)
Chris Saunders	– (Political Advisor to the Labour Group, Chief Executive's)
Zoe Folley	– (Committee Officer, Democratic Services Chief Executive's)

COUNCILLOR ANNE JACKSON IN THE CHAIR

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Fozol Miah.

2. DECLARATIONS OF INTEREST

There were no declarations of interest made.

3. UNRESTRICTED MINUTES

The Chair **Moved** and it was:-

RESOLVED

That the unrestricted minutes of the meeting of the Overview and Scrutiny Committee held on 7th June 2011 be approved and signed by the Chair as a correct record of the proceedings subject to the correction of Councillor Fozol Miah's name in the Apologies for Absence (item 2).

4. REQUESTS TO SUBMIT PETITIONS

None received.

5. SECTION ONE REPORTS 'CALLED IN'

5.1 Report 'Called In' - East End Life Review

At the request of the Chair, Councillor David Snowdon on behalf of the Call-in Members referred to the reasons for their requisition and highlighted the main

issues that they held with the Cabinet's provisional decision regarding the East End Life Review agreed on 8th June 2011.

Councillor Snowdon considered that the decision contravened government guidance regarding the frequency of Local Authority news letters i.e. that they be no more than quarterly. The proposed frequency exceeded that adopted by the vast majority of other Local Authorities. Due to these breaches, the decision was unlawful.

Furthermore, the cost analysis in the report overlooked many key factors. For instance, the savings predicted from closure only took into account one off costs ignoring the many other savings that could be achieved by this. The section on advertising costs was unrealistic. It overlooked many key factors i.e. the savings from block purchasing, availability of discounts. No real quotes were sought. The pricing assessment overlooked many other costs, for example IT, Human Resources, accommodation costs. There were no real like for like comparisons. In view of these issues, it was requested that the costs implications of the options be properly reviewed.

Councillor Snowdon also considered that greater consideration should have been given to the other alternatives available. This could include:

- Block booking in external newspapers such as the East London Advertiser, with free copies made available in Idea Stores, libraries and other community venues. Given the current reduction in the advertising budget, buying adverts in an external newspaper could prove less expensive.
- Publishing the statutory notices in alternative newspapers and public places.
- Reducing the number of pages, as per other local authorities, with better use of space on the page.

The Committee carefully considered Councillor Snowdon's presentation. The Committee shared his concerns that the costs of the options were not fully considered.

It was also felt that further consideration should be given to the following options:

- Models adopted elsewhere, such as in Hammersmith and Fulham and Enfield. It was considered that the latter was more efficient with a smaller A4 format.
- An RSL funded option advertising choice based lettings. Consideration could be given to working with representatives from RSLs to take this forward and secure contributions and share distribution.
- Working with the East London Advertiser (Archant Limited) to obtain a more cost effective offer.

Concern was also expressed at the independence of the review since it was undertaken by the officer responsible for East End Life, rather than independent persons. This placed the officer in a difficult position. It was very important that the review was impartial. Furthermore the survey results were based on only a small number of responses, less than half of which supported the recommendation. It was therefore felt that there was inadequate consultation.

The Committee also shared the view that there needed to be a real like for like comparison in evaluating alternatives. It was also noted that only two other Councils in London had weekly newspapers. It felt that the review was rushed.

The Lead Member for Resources, Councillor Alibor Choudhury, supported by Takki Sulaiman, Head of Communications, responded to these points on behalf of the Cabinet. Councillor Choudhury reported on the reasons for the review and its aims. The review was completely impartial and independent. The review fully took into account the new Code issued by Parliament which had been adhered to as well as other options available which were found to be less viable. As indicated by the independent survey, it was clear that people wanted a paper based newsletter with high levels of support for a weekly paper. The recommendations were heavily influenced by this and would meet the savings target.

In relation to advertising, Mr Sulaiman provided a breakdown of the various sources of income. The proposals provided the best balance between cost effectiveness and the need to keep residents informed. The alternative options were fully explored but an offer of space in the East London Advertiser below the rate card had not been made.

In addition, the other newspapers explored have a relatively limited circulation so there may be problems in terms of reach should they be pursued. Innovations online were being considered and this would be used more in the future. However ownership of computers was currently lowest amongst the most vulnerable residents and there was therefore strong support for retaining a paper based newspaper. The price comparison exercise represented a true 'like for like' comparison of the costs

In considering these points, Members acknowledged the need for paper based newsletters. They reached out to a lot of people especially those not familiar with IT. It meant a great deal to people having their news in a paper format especially the housing pages. This should not be underestimated. The positive achievements of East End Life as a newsletter in publicising community news was also welcomed.

Consequently it was considered necessary to retain some form of paper based newsletter. However alternative ways of delivering this and other formats should be explored to maximize savings and efficiencies.

After considering the views and comments made by the Members presenting the call-in, the Lead Member for Resources, Councillor Alibor Choudhury and Takki Sulaiman, Head of Communications, the Committee agreed not to endorse the Cabinet's provisional decision but instead it was

RESOLVED

That the Cabinet be requested to give further consideration to their views and concerns. This was on the following basis:

- That costs of the options have not been properly explored;
- That the alternatives available have not been fully explored;
- Exploration of alternative options should have included:
- Working with East London Advertiser, or other existing local newspapers, to obtain a more cost effective offer;
- An option which is joint funded with RSLs, working with them to share the costs and distribution, in relation to advertising choice based lettings.
- Concerns about the community consultation not being widespread enough.
- Concerns about the impartiality/independence of the report given that the officer who conducted the review was placed in a difficult position, reviewing his own service.
- Members have a duty to residents to ensure they are making the right decision and further work was required to ensure we are achieving the best possible solution.

6. SCRUTINY SPOTLIGHT

Councillor Alibor Chaudhury, Cabinet Member for Resources, supported by Mr Chris Naylor Corporate Director Resources gave a presentation on the key issues, achievements and challenges arising from the Resources portfolio.

Councillor Chaudhury began by highlighting the ICT plans allaying some of the concerns around this project. (This would be considered in detail during the presentation). The aim of which was to secure a high quality IT service whilst safeguarding local employment and staff opportunities.

Mr Naylor gave a detailed presentation reviewing the first 3 years of the Resources directorate. This focused on its structure role and aims including the following points.

- Key goals: to better align the 4 services areas (Finance, ICT, Procurement, Human Resources) to provide joined up services and eradicate unnecessary duplication.
- Greater emphasis on delivery with less time on process.
- Key Improvements
- 89.5 % of customer enquiries resolved at the first point of contact.

- Only organisation in Country to achieve 100% on all 60 indicators in the Customer Service Excellence Awards.
- New on-line services for Council Tax and Parking permits.
- Efficiencies
- Departmental reduction in Service Heads.
- Introduction of e-payments systems – Requisition to Pay (RP2).
- HR improvements delivering significant savings.
- Customer satisfaction levels up.
- Reduction in employment of agency staff.
- 22% of top earners BME, up from 15% in 2006/07.
- London living wage implemented across entire workforce.
- Continuing commitment to local suppliers.

Mr Naylor referred to the savings challenges up to 2014/15. Further savings would be realised by modernising the IT, HR and finance practices at least cost and risk. The service was currently procuring a strategic resources partner to assist with delivering such improvements and to secure long term benefits and learning opportunities for staff.

In relation to the staffing implications, the changes would honour the Council's social objectives in relation to the workforce alongside delivering better services.

Mr Naylor outlined the timetable for the ICT project. The Council was currently undertaking a competitive dialogue to find a partner to facilitate the plans with an Executive decision planned for the start of 2012. Staff and trade unions were fully engaged and frequently consulted.

The Committee then asked a number of questions about the plans which focused on the following issues:

- The external partner. The need for an expert partner in assessing the bids to secure best option possible.
- The procurement process. The mechanisms for securing best deal. The timetable. Resource's role in this.
- Worries that the improvements may be finance driven. That they were merely a response to the budgetary pressures. Why weren't they embarked on sooner?
- Reasons why the trade unions were so concerned about the ICT plans. How would their concerns be allayed?
- Request that the Committee receive a proper presentation on the ICT proposals to facilitate its input in due course.

Mr Naylor then responded to each point highlighting the following:

Resources were working closely with Legal Services and relevant Council Officers to scrutinise the ICT plans and bids etc to ensure they were legal and secured the aims. The plans would also be submitted to the key governance boards (Competition, Transformation, Asset Management Board) established

to scrutinise such proposals robustly, maximising quality and value for money. These boards were chaired by the relevant Service Heads, not the Corporate Director for Resources. The plans would also be subjected to the Council's Tollgate process to provide an additional level of scrutiny.

Mr Naylor also outlined the timetable for the ICT project having recently received the initial expressions of interests. The evaluation and short listing would take place shortly with the assessment process progressing into Autumn and Christmas 2011.

It was also noted that the improvement agenda commenced several years ago and was partly initiated by the Council's Information Strategy. The plans predated the 'financial crises' and were driven by the need to improve services not solely by savings. For example a better IT system would help all services Council wide. Officers engaged frequently with the Trade Unions to consult their views on any staff implications. It was appreciated that their aim was to secure jobs and conditions during this process.

Councillor Choudhury echoed this latter point from an Executive perspective. The Cabinet continuously engaged with the Trade unions (regarding the ICT plans) and there was a positive relationship between them. As indicated above, an Executive decision would be sought in the new year regarding the ICT plans and would be submitted to scrutiny as part of the normal scrutiny process.

The Chair thanked Councillor Choudhury and Mr Naylor for their presentation.

7. PERFORMANCE MONITORING

7.1 Strategic Performance and Corporate Revenue and Capital Budget Monitoring - Year End 2010/11

Councillor Alibor Chaudhury, Cabinet Member for Resources, supported by Mr Chris Naylor Corporate Director Resources presented the performance and monitoring report for year end 2010/11

The reports measured progress in 2010/11 against the Strategic Plan, Strategic Performance Indicators and National Indicators.

In considering the report, the Committee sought further information and secured assurances from Officers regarding the following indicators:

- Older People Commissioning (Pg 97 of agenda A42). The overspend from demographic pressures. The Committee were reassured that the AHWB directorate carried out a considerable amount of monitoring of this. In general it only took a small change to cause an overspend. The demographic pressures were being incorporated in to the key plans.
- Fall in female employees at LP07 or above. (Pg 205 Strategic Plan targets).

- Number of BME staff employed at same level. (Pg 205 Strategic Plan targets). Noted that despite increase still short of target.
- The pressures from children/young people changing care packages. It was accepted that this needed to be carefully managed.
- Definition of HR consultancy. (Page 126 R92). It was noted that the HR consultants referred to here were Council Officers.
- Lunch Club Opening events June/July 2010. (Pg 192). Reasons why none of the clubs have held opening events.
- Differences between format of report and that of Annual Accounts presented to the Audit Committee. This was due to fact that the latter was prescribed by audit regulations.
- Organisations in receipt of grants from Council. Information on those not allocating the funding.
- Requested Carry Forwards and use of Reserves
 1. Potential Carbon Reduction Projects. (Pg 132 D&R). Connection to new recycling plant. Noted that idea of this was to contribute to the targets and to reduce emissions. In relation to the Carbon tax, there was some uncertainty over who would contribute to this. This would need to be confirmed.
 2. Ocean New Deal for Communities (Pg 135 D&R). The Committee heard about the plans for this funding. A desire was to maintain the same level of service.
- Progress in achieving the savings and plans for monitoring the plans.
- It was noted that even greater emphasis was being placed on budget and benefits monitoring at increased frequency. There would be more robust scrutiny of plans drawing on critical statistics. The services were doing everything they could to be aware of the issues and mitigate risks. Performance against the targets was on track as at beginning of July 2011 with good knowledge of where to focus attention.

RESOLVED

1. That the Quarter 4 Year End 2010/11 performance be noted;
2. That the Council's financial position as outlined in paragraphs 3 and 4 and appendices 1-7 of the report be noted; and
3. That the transfers to and from contingencies and earmarked reserves, as set out in the report and at appendix 4 be noted (to be tabled at Cabinet for approval).

7.2 Cabinet Four Month Forward Plan

The Committee considered the Cabinet's Forward Plan for July 2011 – October 2011.

Accordingly it was agreed that the August meeting of the Committee would focus on a number of issues in the Cabinet plan. This would include the Contracts Forward Plan, Youth Services and the Enterprise Strategy.

The Health and Wellbeing Board Arrangements were also due to be considered by the August Cabinet. As a result it was considered appropriate to explore the practice elsewhere to help develop local proposals.

7.3 Annual Residents' Survey Results 2010/11

Ms Laura Spence (Research Officer, Chief Executive's Directorate) presented the results of the Annual Residents' Survey for 2010/11. Ms Spence explained the methodology based on face to face interviews considering the views of 1,150 local residents about the Council's services and the local area. The fieldwork was completed in January and February 2011 before the implementation of the government's strategy which should be borne in mind when reading the results. (A copy of the presentation was subsequently sent to Committee Members).

Overall, the Survey presented a positive picture of continuous improvement but there were areas that still needed to be addressed.

In summary the top concerns identified included:

- Economic issues reflecting current downturn. Worries over lack of jobs rising prices and inflation.
- Crime and Anti Social Behaviour (ASB). Fear of which was still a major concern for residents, however perceptions were improving.
- Cleanliness in the public realm.
- Lack of affordable housing.
- Lack of provision for young people.

Other issues considered were:

- Council Housing and Benefits Service: Experiences of this were relatively positive with the majority of respondents rating services as satisfactory.
- Education: Satisfaction ratings with nursery and primary provision were relatively high but with secondary provision less so. In general approval for education was on a par with the London average.
- Image of Council: Strongly improving and now beginning to move ahead of other Councils.
- Tower Hamlets as a good place to live: Figure down slightly from last year but majority of those surveyed remain satisfied with local area.
- Benefits of 2012 Olympic Games: Views about the benefits have become less positive.

It was noted that the Committee's suggestions for improving the questionnaire would be taken on board.

Accordingly, Members were invited to define what exactly they would like to see looked at for to identify the most appropriate survey method.

It was also recommended that the results be read in conjunction with other contextual surveys.

The Committee should also use the findings in scrutinising Council performance.

A question and answer session then following covering the following points:

Concern was expressed at categorising 'teenagers hanging around' as ASB. It was felt that this in itself was not a problem. However in the event that this was seen as a problem, the specific reasons why it was should be defined, for example foul language, bad behaviour etc and then be renamed to reflect this rather than merely teenagers hanging around.

In response, it was noted that certain questions were national indicators. Care should be taken in changing these in the interests of continuity. There would be opportunities to review the indicators and the questionnaire at the consultation stage.

It was also felt that the questions should be made more specific to identify where people felt the fault lies – with the Council or at a national level. Was it a national or a local problem?

Assurances were also sought and secured regarding satisfaction with children's centres down by 10%. In response, it was considered that the sample for this were very small. Therefore it was not considered to represent a substantial change. No other London Boroughs had this as an indicator and therefore there were no comparative data. Should the Committee wish to monitor this area, it may be necessary to measure the indicator over a number of years to identify any problems.

Members welcomed the London wide comparisons. In reply, Ms Spence referred to the existence of a much fuller version of the survey including comparisons with other London areas for most measures.

In terms of the next stage in the process, the results would be submitted to the Directorates for close examination.

RESOLVED.

That Overview and Scrutiny Committee note the Annual Residents' Survey results and use it to inform planning for the 2011-12 work programme.

8. PRE-DECISION SCRUTINY OF SECTION ONE (UNRESTRICTED) CABINET PAPERS

The Chair advised that no pre - decision questions for the Cabinet meeting on 6th July 2011 had been received.

9. ANY OTHER SECTION ONE (UNRESTRICTED) BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

9.1 Inner North East London Joint Overview and Scrutiny Committee - Interim Appointments

Reasons for special circumstances and urgency agreed.

The reason being that the Joint Committee was due to meet before the next meeting of the Overview and Scrutiny Committee. Hence appointments had to be made now to enable Members to represent the Council at that meeting.

The Committee were invited to make interim appointments to the Inner North East London Joint Overview and Scrutiny Committee established following the merger of the three east London Primary Care Trusts.

It was noted that the Members would be appointed to serve at the next meeting of the Joint Committee as interim appointments. A further report would then be brought back to this Committee to appoint permanent Members of the Joint Committee for 2011/12.

Councillor Rachael Saunders as Chair of the Health Scrutiny Panel confirmed the intention the Councillors nominated to attend meetings of the new Committee if they so wished and to continue to participate at such meetings.

RESOLVED

1. That Councillors Rachael Saunders, Lesley Pavitt and Denise Jones be appointed as interim Members of the Inner North East London Joint Overview and Scrutiny Committee; and
2. That a further report be brought to the Committee to appoint permanent Members to the Inner North East London Joint Overview and Scrutiny Committee for 2011/12.

10. OVERVIEW AND SCRUTINY AWAY DAY

Noted that the Overview and Scrutiny Away day would be held on Thursday 28th July 2011.

11. EXCLUSION OF THE PRESS AND PUBLIC

The resolution to exclude the Press and Public was not adopted as there was no Section 2 'Exempt' business for consideration.

12. SECTION TWO REPORTS 'CALLED IN'

Nil items.

13. PRE-DECISION SCRUTINY OF SECTION TWO (RESTRICTED) CABINET PAPERS

Nil items.

14. ANY OTHER SECTION TWO (RESTRICTED) BUSINESS THAT THE CHAIR CONSIDERS URGENT

Nil items.

The Chair thanked those present for their attendance and declared the meeting closed.

The meeting ended at 9.40 p.m.

Chair, Councillor Ann Jackson
Overview & Scrutiny Committee

Agenda Item 8.1

Committee: OVERVIEW AND SCRUTINY	Date: 2 August 2011	Classification: Unrestricted	Report No.	Agenda Item No.
Report of: Assistant Chief Executive Originating Officer(s): Antonella Burgio Democratic Services Officer			Title: Cabinet Report: Budget 2012/13 – 2014/15 Resource Allocation and Budget Review Wards: All	

1. SUMMARY

- 1.1 The attached report of the Corporate Director, Resources is presented to Overview and Scrutiny Committee for consideration

2. RECOMMENDATION

- 2.1 That the Committee consider the contents of the attached report.

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

Brief description of "background paper"

Cabinet report - 3 August 2011

Name and telephone number of holder
and address where open to inspection

Democratic Services
0207 364 4881

Committee: Cabinet	Date: 3 rd August 2011	Classification: Unrestricted	Report No.	Agenda Item
Report of: Corporate Director - Resources Originating Officer: Peter Hayday, Interim Service Head – Financial Services, Risk & Accountability		Title: Budget 2012/13 – 2014/15 - Resource Allocation and Budget Review		
		Ward(s) Affected	All	

1. SUMMARY

- 1.1 This report begins the formal budget process for 2012/13- 2014/15 with the intention of setting the Council Tax for 2012/13 and a Three Year Budget for the period 2012/13 – 2014/15 on the 22nd February 2012. This report has been prepared following a full review of the planning assumptions built into the Medium Term Financial Plan approved by Full Council in March 2011. This review also considered how the Council can maximise the value it receives from public money through medium term planning, greater scrutiny of spending, and focusing resources on the priorities in the Community Plan 2020.
- 1.2. Last year, the Government announced the outcome of its Spending Review covering the period 2011-2015, designed to tackle the country's large annual public spending deficit. In March, the Council identified and agreed £55m worth of savings to be delivered in the current financial year and the next two years as a first step towards setting a balanced and financially sustainable budget to deliver Council services in the long term.
- 1.3. The next three year Medium Term Financial Plan set by the Council will cover the final three of the Government Spending Review to 2014/15. The Government has provided indicative figures for 2012/13 for most major grants and national control totals up to 2014/15 which provide a clear direction of travel. Over the four years of the Spending Review, funding for General Fund services is expected to reduce by 27% in real terms.
- 1.4. In summary, the authority is facing its share of major public spending reductions required to fund the deficit and a real terms reduction in funding as a result of population growth. Since this report at this stage reflects a number of assumptions, it is prudent to assume that, provided the £55m budget savings agreed in March are achieved, a further budget gap of

between £40m-£50m will still need to be filled in order to set a balanced budget up to the end of 2014/15.

- 1.5. It is important that managing this gap is tackled as part of the three year budget plan, in order to ensure the best possible opportunity that it can be achieved without reductions in priority front-line services and to provide the authority with the flexibility to pursue its policy objectives. The Council will need to consider preparation of the budget in the light of the Mayor's priorities, and also bear in mind the increasing pressure on services from a growing population.
- 1.6. The Capital Strategy agreed in 2010 recognised the pressure on local housing and schools arising from population growth. A further report in the autumn will consider plans for capital investment in local assets and infrastructure as these are inseparable from those which concern the day-to-day running of services. However, given the pressures on the revenue budget, it is clear that significant asset disposals will be required to fund the necessary capital investment over the next five years.
- 1.7. The report identifies the planning parameters which will need to be applied to strategic and resource planning for 2012/13- 2014/15, with the overall aim of providing sufficient flexibility to deal with risk whilst at the same time providing scope for a degree of policy choice. The report invites the Cabinet to consider a strategy to deliver a balanced budget for the period.

2. RECOMMENDATIONS

Cabinet is recommended to:

- 2.1. Consider the financial outlook and medium term projection set out in this report.
- 2.2. Note the outcome of the review of the budget forecast for 2011/12 and officers advice on the risks of additional costs falling in 2011/12- 2014/15, and note the Medium Term Financial forecast for 2012/13-2014/15.
- 2.3. Note the position in relation to funding for the capital programme and agree that non-ringfenced capital resources from Government should be treated in the same way as locally generated funding for capital planning purposes.
- 2.4. Note the position in relation to the Housing Revenue Account.
- 2.5. Determine a budget strategy for 2012/13- 2014/15 and agree that Corporate Management Team prepare service and financial planning submissions in accordance with agreed parameters, and the outline process and timetable set out in Sections 8 and 12 of the report.
- 2.6. Note the approach to be taken to equality analysis of budget decisions in the 2012/13 cycle.

3. BACKGROUND

- 3.1 The Council operates a sound resource allocation process underpinned by an integrated strategic and resource planning framework. Processes are designed to ensure that:
- § Service plans are developed against the background of forward looking financial forecasts
 - § The financial consequences of proposed actions are identified and are seen as an integral part of service planning
 - § Financial plans allocate resources to address changing community needs and priorities.
- 3.2. Medium term financial planning is an essential component of the Council's strategic and resource planning framework. While many key decisions, including the formal setting of Council Tax, will continue to be taken annually, those decisions need to be set in the context of a longer term plan. Forward planning offers greater opportunities to link service and financial planning.
- 3.3. The Council has begun the process of planning to meet its savings targets under the Government's October 2010 Spending Review. There are further savings to be found to enable the authority to continue to deliver within a balanced budget up to the end of the Spending Review period in 2014/15 and beyond.
- 3.4 The report is intended to provide the context for the development of the detailed budget proposals in the coming months.

4. STRATEGIC PLANNING

- 4.1. The Council has a well-embedded approach to strategic and resource planning (SARP). Key priorities are agreed with residents and partners in the Community Plan 2020 and these are reflected in a set of strategic objectives in the Council's 3 year Strategic Plan. As part of the annual SARP process, the Mayor identifies key priorities for the year ahead. Once again priorities will need to be set in the context of less government funding requiring budget savings to be delivered in ways that least impact priority areas.
- 4.2. Whilst the scale of the financial challenges are unprecedented, they can be addressed in the context of this robust, well-embedded approach and the key mechanics of the SARP process will remain the same. A key element

will be the need to ensure a continuing clear focus on outcomes for local residents despite the need to find efficiency savings.

- 4.3. The process needs to be informed by an up-to-date understanding of the priorities for our local citizens and partners. This has been fundamental to the Council's work over several years but has a greater urgency in the current context. There will therefore need to be a stronger dialogue with citizens and partners about the difficult decisions which are going to be necessary. In turn, building on the existing practice of monitoring our performance as outlined in the Community and Strategic Plans, and how the Mayor's priorities are articulated within these, we will need to have an even sharper focus on what is delivering both in terms of value of money and what makes a real difference to the lives of the borough's residents. Crucial to this will be strengthening our collective resilience in identifying how to continue to deliver real improvement with fewer resources. Members will therefore be provided with regular updates on strategic planning alongside the budget to help inform how best we do this.

5. MEDIUM TERM PLAN 2012/13-2014/15

5.1. The Council's Medium Term Financial Plan (MTFP) sets out;

- the ongoing effects of growth and savings agreed in previous budget rounds.
- the unavoidable spending pressures likely to bear upon the Council's revenue budget over the next three financial years
- the assumed income from Council Tax and Government grants.
- the adequacy of reserves and budget contingencies and the impact on the revenue budget of changes to these.
- as a balancing figure, the level of savings required to set a balanced budget for each year of the plan.

In Tower Hamlets the Medium Term Financial Plan covers a period of three years.

5.2 This report provides forecasts for a revised three-year plan covering 2012/13-2014/15 reflecting;

- the 2010/11 financial results ('outturn');
- any changes which have emerged in 2011-12 since the budget was set, and;
- the rolling out the forecast to 2014/15 in the light of the information currently available, and assessing the risks inherent in the associated budget assumptions.

- 5.3 Section 6 below sets out the detailed review of the Medium Term Financial Plan on this basis, informing the three year budget process for 2012/13-2014/15. The revised Medium Term Financial Plan statement is set out at **Appendix A**.
- 5.4 Since the budget was set for 2011/12 in March, several sets of economic figures have indicated that the economy is not recovering as strongly as had been hoped. It needs to be stressed that the ongoing uncertainty arising from the economic situation, uncertainties relating to factors such as inflation and interest rates and the need for the authority to deliver savings in a timely fashion to avoid additional costs means that the Medium Term Financial Plan and the overall budget strategy set out above will need to be kept under review as we move forward.
- 5.5 The current review, which is set out below, concludes that a further savings target of between £40m-£50m will be required in the period 2012/13-2014/15, assuming that the £55m agreed in March is delivered in full. This further savings target includes £19m of savings required for 2012/13 and this gap will need to be closed in order to allow a budget and Council Tax for the next financial year to be set in February 2012.

6. REVIEW OF THE MEDIUM TERM FINANCIAL PLAN

- 6.1 This section of the report sets out the detail behind the review of the Medium Term Financial Plan as summarised in Section 5 above.
- 6.2 The General Fund budget established for 2011/12 was £311m and this is therefore the base budget for all subsequent budget decisions. Against this base, set out for each of the next three years in **Appendix A**, are the budget projections for:
- growth – split between service demand, service development, inflation, corporate risk provisions and capital financing and pensions;
 - savings – split between prior year agreed savings, the savings programme approved by Full Council in March 2011 and those savings still to be identified to deliver a balanced budget (the budget gap);
 - core grant (non-ringfenced) funding – including New Homes Bonus and Transition Grant
 - Formula Grant funding
 - Council Tax revenues

6.3 Growth

6.3.1 Service Demand

Service demand growth relates to the additional cost of maintaining services at existing levels as a result of changes which are outside of the direct control of the Council. These might be the result of the general economic climate driving service demand, demographic changes, or the introduction new legislation/statutory requirements.

In setting the 2011/12 budget, Members considered the service demand growth bids set out in detail at **Appendix B** (totalling between £7m and £10m in each of the next three years) and agreed to provide a contingency of £5.5m per annum against these risks. Current indications are that it should be possible to contain growth within this sum in 2011/12, but this position will need to be kept under review during the financial year.

At this stage there is also no reason to amend the projections for future years although Members will need to be mindful of the risk of an increasing demand for the use of Council services the longer the current economic climate persists.

6.3.2. Service Development

After the 2011-12 budget was set, The Council received final confirmation that it had received £4.3m in 'Year 1' New Homes Bonus. This money has yet to be accounted for in the MTFP and the current planning assumption is that this funding will remain over the planning period to support service development initiatives.

However, it is a matter of choice for the budget process to determine whether this funding is applied to service development growth or as a contribution to close the budget gap, or a combination of the two.

6.3.3 Inflation

For 2012/13 to 2014/15 estimates of the cost of funding inflation in the General Fund have been prepared on the basis of an estimated increase for general costs of 2.5% for 2012/13 and 2.0% per annum thereafter, which is in line with Office for Budget Responsibility forecasts.

Inflation is currently running at 4-5% in the economy as a whole (Consumer Prices Index 4.2%, Retail Prices Index 5.0%), but this is driven largely by food prices and tax rises, neither of which affects the Council directly to a major extent. Nevertheless, the prices the Council pays for goods and services are influenced by prevailing rates of inflation and there is a risk that if inflation is higher, there will be pressure on service budgets which will need to be managed in-year.

In relation to pay, the Government has set a pay freeze for the whole of the public sector for both 2011/12 and 2012/13 The local government pay award is not determined by the Chancellor, but is a separate national negotiation

process. However, so far the Government freeze has been applied in local government. It is not known whether the Government will seek to renew the freeze in 2013/14, but in the event that it does not, it is assumed that there will be no 'catch-up' pay rise above inflation and pay will rise in line with general prices at 2.0% per year.

The projections included in the MTFP break down as follows;

Figures in £m	2011/12	2012/13	2013/14	2014/15
Pay	NIL	NIL	3,000	3,000
Non Pay	4,491	4,900	3,900	3,900
Total		4,900	6,900	6,900

In setting the budget for 2010/11 and 2011/12, Members agreed not to fund non-pay inflation in full, requiring officers to manage within a budget cash limit which did not make full provision for inflation. This strategy is acceptable in the short term as a way of squeezing budgets to ensure value is optimised. However this approach is a form of 'top-slicing' which will impact on some service areas more than others and in a way which will not generally reflect the Council's relative service priorities.

6.3.4 Corporate Risk Provision

The Council faces a number of significant financial risks over the next three years, some of which are one-offs and others which, if they materialise, will be on-going. The most significant of these risks are:

- Non-delivery of the savings programme - clearly delivering savings of some £100million over the next three to four years represents a significant challenge to the organisation. There is a very real risk that some savings initiatives may not ultimately deliver the scale of planned saving: even at a modest 5% risk level this would represent a savings shortfall of £5m over the planning period.
- Savings implementation and transformation costs – again with the scale of the savings programme of this nature it is inevitable that there will be one-off costs that will need to be incurred to realise an on-going budget saving. This will include severance payments and decommissioning costs with a projected cost of up to £15m.
- The Olympics – whilst the Council is working with the GLA and the Olympic Organising Committee to try and ensure that any additional costs of supporting the Olympic programme do not fall on the Council Tax payers of Tower Hamlets, there remains a risk that such costs will need to be funded by the Council and a planning assumption of £3m to £4m would not be unreasonable .
- Council Tax Benefits – the Government has announced that it intends to reduce the Council Tax Benefits Subsidy by 10% with effect from 2013/14 and to allow local authorities to set their own Council Tax

Benefit schemes. The Council will need to consider how best to implement this policy, but if the Council Tax Benefit scheme is not changed locally, an additional cost pressure of around £3m per annum can be anticipated.

In addition to these risks there will be other risks that will need to be considered and evaluated as and when they materialise. This includes the impact of the introduction of self financing for the Housing Revenue Account (HRA – see Section 10 below), pressure on the number of pupil places in schools, waste disposal costs and the risks associated with the introduction of the Carbon Reduction Commitment.

Against these risks there may also be potential opportunities, particularly through the Governments 'Local Government Resource Review'. As with the 'other' risks above, all opportunities will be kept under constant review and will be factored into the MTFP when the position becomes clear.

Over the planning period the above risks total between £20m and £30m and therefore have the potential to seriously impact on the delivery of a balanced budget. The current MTFP includes a sum of £3.0m per annum to strengthen the Councils overall reserves position as a reflection of the net impact of these risks and opportunities. In other words, the MTFP allows for costs of £3m per annum against a potential risk of up to £30m. However, it is imperative that the net risk position remains under constant review (see also Reserves – Section 8 below).

6.3.5 Capital Financing and Pensions

The updated Medium Term Financial Plan includes forecasts for the cost of capital financing and pension costs for the forthcoming period. In terms of capital financing, interest rates remain at an historic low and have remained at this historic low point for more than two years- much longer than anyone predicted. The forecasts have taken a prudent approach which assumes that rates will remain comparatively low for the foreseeable future, and this appears to be the consensus among independent analysts.

The forecasts do not assume any additional borrowing over the next three years. A fuller assessment of the capital programme is set out below in Section 9.

As a result of the triennial valuation of the Pension fund completed in 2010 the Council agreed to increase employer contributions in each of the three years from 2011-12. These increases are therefore reflected in the MTFP projections.

6.4 Savings

In setting the budget for 2011/12, Members agreed £34.7m in savings for 2011/12 and in total £57.9m across the period 2011/12-2013/14. This sum comprised a new savings programme of £54.9m and £3.0m in prior year savings commitments. **Appendix C** sets out the £54.9m savings programme.

6.5 Core Grants

The tables below set out the main additional core grants being received in 2011/12 and provisional announcements of these for 2012/13 where available.

NON-RINGFENCED CORE GRANTS		2011/12 Allocation £'000	2012/13 Indicative £'000
Council Tax Freeze Grant		1,961	1,961
Transition Grant		4,143	NIL
New Homes Bonus	Year 1	4,287	4,287
	Year 2	-	No figure announced 2,000 assumed
Early Intervention Grant		20,478	20,757
Learning Disabilities & Health Reform		1,774	1,815
Preventing Homelessness		1,925	1,925
Housing & Council Tax Benefits Administration		4,662	No figure announced 4,662 assumed
Local Flood		147	274
TOTAL NON-RINGFENCED		39,377	37,681

RINGFENCED CORE GRANTS		2011/12 Allocation £'000	2012/13 Indicative £'000
Community Safety (allocated to London Boroughs via the GLA)		460	Expected to be NIL
Support for Social Care benefiting Health (from the NHS)		3,725	3,553
Dedicated Schools Grant		302,849	No figure announced
Public Health– services transferring 1 st April 2012.		Not applicable	No figure announced
TOTAL RINGFENCED FUNDING		307,034	

As the tables show there are a number of grants that have not been announced for 2012/13. The MTFP assumes that any reductions in ring-

fenced grants will be containable within those services funded by these grants, but in the event of large scale reductions in these grants emerging, this may be difficult to manage without recourse to Council resources.

However, the projected net reductions the non-ringfenced core grants have been included in the MTFP. In the main this relates to the loss of Transition Grant funding from 2012-13 and a projected additional £2m in New Homes Bonus in each year of the planning period.

6.6 Resource Projections

6.6.1 Formula Grant

The main grant contributing towards the authority's General Fund revenue budget is Formula Grant. The Formula Grant figure for 2011/12 is £229.673m and this funds 73.9% of the authority's Budget Requirement. A provisional figure of £211.835m has been announced for 2012/13 which would be a further 7.8% reduction in grant in cash terms. This is the main factor driving the savings target.

	2011/12 Announced £m	2012/13 Announced £m	2013/14 Forecast £m	2014/15 Forecast £m
Formula Grant	229.673	211.835	209.411	191.077
Annual Increase %		-7.8%	-1.1%	-8.8%

No announcement has been made of Formula Grant figures for 2013/14 onwards, although the Chancellor provided national control totals in the Spending Review announced last October. Forecasts of Formula Grant in the Medium Term Financial Plan are based upon the authority continuing to receive the same share of the national total in these years as it should receive in 2012/13. It also allows for the fact that the authority's Formula Grant settlement is at the grant floor, and that this can be expected to unwind in the period ahead.

The Government has announced a Local Government Resource Review which is currently ongoing. It is thought that one possible outcome of the review, which is expected to be implemented for 2013/14, might be the abolition of Formula Grant. However it is hard to envisage any system that does not involve a form of general grant that redistributes resources from low needs areas to high needs areas, and that does not in some way reflect the cuts in Government funding indicated by the Treasury.

6.6.2 Council Tax

The three year budget includes a general assumption that Council Tax will not rise throughout the period. In practice, the Council Tax is agreed by the

Council on an annual basis and the level used in these forecasts is simply a planning assumption and will be subject to amendment by Cabinet and Council.

The small annual increases in Council Tax revenue included in the MTFP reflect anticipated increases in the Council Tax Base as a result of a net increase in the number of Band D equivalent properties.

The marginal amount raised for each 1% increase in Council Tax is some £0.8m. Correspondingly, each 1% reduction in Council Tax would require additional savings to be made of this same amount.

Unlike 2011/12, there is no Council Tax Freeze Grant available to help authorities that wish to set a 0% Council Tax from 2012/13 onwards.

7. Reserves

- 7.1 Elsewhere on this agenda, the Cabinet is receiving a report setting out the financial outturn for the General Fund and Housing Revenue Account. These can be summarised as follows;

Figures in £ million	2010/11 deficit	Balances as at 31st March 2011
General Fund	(3.8)	23.4
Housing Revenue Account (HRA)	(10.5)	12.8

- 7.2 General Fund Reserves stand at £23.4m as at 31st March 2011 but as set out in Section 6.3.4 a sum of £3.0m is being set aside in each year of the planning period to reflect the additional net risks facing the Council. The level of reserves will need to remain under review throughout this period of uncertainty and tight control of Council spending will be required to ensure spending remains within budget thus avoiding unforeseen calls on reserves.

8. RESPONDING TO THE FUNDING DEFICIT

- 8.1. Taking account of the assumptions set out above, the revised Medium Term Financial plan forecast indicates a funding gap in the order £40 to £50million for the period 2012/13 to 2014/15 in addition to the £55m agreed in March for the period 2011/12 to 2013/14. This means that the total level of savings required to the General Fund over the four years of the Government's spending Review is estimated to be in the region of £100million per annum, excluding cuts to ring fenced grants. The Council has never had to deliver on-going reductions in expenditure of this magnitude.

- 8.2. In considering the scale of the savings required last year, the authority realised that this would require a radically different approach to closing the gap. Whilst some savings will be found as in previous years by reviewing the costs of Council services individually, a large part of the savings required will need to be found by fundamentally reviewing the way the Council delivers services across the whole organisation.
- 8.3. Notwithstanding the need to manage within this very challenging financial context, the Council still needs to remain focused on delivering its key policy objectives. Specifically the Mayor has made clear those priorities that he wishes to see reflected in the allocation of Council resources, namely: improving the condition of social housing; increasing the supply of affordable social housing (particularly family sized housing); maintaining the provision of services for young people; delivering programmes of skills development, employment and enterprise activity; maintaining support to vulnerable adults and; protecting investment in activity that promotes community safety.
- 8.4 In addition to this, the Mayor has also asked officers to fundamentally challenge how the council delivers its business so that the following principles are embedded in the way we work:

A council that will:

employ a workforce that fully reflects the community it serves;
ensure its staff are never paid below the London living wage;
minimise job losses and promote career development;
fully open its supply chain to local suppliers
support the work of our community partners in the delivery of services.

- 8.5 In practical terms this means that the budget process will be designed so that the organisation focuses on the following activities and actions:
- **A leaner workforce:** with a particular focus on rationalising senior management; stripping out duplication and bureaucracy; and creating a flatter, more generic operational structure designed both to enable the progression of talented employees and to be more acutely focused on serving the needs of our residents.
 - **Smarter Working:** with a particular focus on the vacation of anchorage house in 2013; more localised patterns of working; better use of new technology to enable council officers to do their jobs more effectively and at less cost and; opening up opportunities for residents to access our services in ways that reflect the realities of their lives be that in their homes, on-line, over the phone or in our offices and one stop shops.
 - **Better utilisation of our assets:** with a particular focus on underutilised buildings being put to better use and, where not possible, disposed of to support the council's capital programme and a root and branch review of our treasure management and capital planning arrangements.

- **Income Optimisation:** with a particular focus on ensuring that charges are set fairly and in a manner that protects our most vulnerable residents; ensuring money owed to us is collected in a timely and efficient manner; and on a review of our commercial charges.

- **Better Buying:** with a particular focus on supporting local businesses to access the council's supply chain, ensuring a continuing role for the third sector in the delivery of services and ensuring that private sector contractors give value for money and deliver efficiency savings where appropriate, whilst working within the values and ethos of the council.

8.6 Notwithstanding the continuing drive to identify efficiency opportunities through the activities outlined above, given the scale of the financial challenge facing the council budgets in the coming years will also have to consider cost reduction and resource prioritisation proposals. It will be important that any such measures are properly considered and that service users and the residents more generally are consulted before decisions are taken. Accordingly public engagement and consultation will be launched so that views and opinions can be canvassed and debated and used to inform the decisions of Council at the appropriate juncture.

8.7 The budget gap identified in this report is much larger than anything previously tackled by the authority. Clearly, the consequence of not delivering a substantial part of the savings would be extremely serious for the Council's finances and therefore for service delivery. If there is a significant shortfall in the savings delivered this could precipitate emergency action to balance budgets and without the luxury of time to deliver planned and targeted efficiency measures, short-term cuts might become necessary.

8.8 Ensuring that savings are delivered has involved establishing governance and project management arrangements to ensure that savings proposals are robust and delivered effectively. The cost of delivering the programme will be met from reserves and contingencies. Further reports will come to Members on this matter as part of the financial planning process.

9. CAPITAL PROGRAMME

9.1. The Council maintains a capital programme which is partly funded from Government grants and other resources allocated from outside bodies (such as Transport for London) and partly by locally generated funding such as capital receipts.

9.2. As set out in the Capital Strategy agreed by Cabinet in February 2010, the Council's rising population presents a considerable challenge in ensuring that investment in buildings and infrastructure keeps pace with the needs of the community.

- 9.3. It is suggested that for the purposes of the Capital Programme 2011/12-2013/14, two actions are necessary to ensure that resources are optimised over the forthcoming period;
- * Consider all non-ringfenced capital allocations from Government as part of the overall capital pot so that priorities can be chosen at local level.
 - * Institute a more aggressive programme of surplus asset disposals to ensure that resources can be generated locally.
- 9.4. With capital resources likely to remain limited for some time, Members will need to choose capital priorities carefully in the light of the needs of a growing population. However, a detailed review of the capital programme will be presented to Members in the autumn.

10. HOUSING REVENUE ACCOUNT

- 10.1. April 2012 will see the implementation of the most radical change in council house financing since the introduction of right-to-buy. The current HRA subsidy will be abolished and replaced by self-financing. A one-off adjustment will be made to the housing debt of each council to reflect the value of the housing business. Some authorities will take on new debt, whilst others, including Tower Hamlets, will have some of their debt redeemed. Following this settlement each local authority will be able to retain all future rental income, from which all costs relating to council housing, including debt financing, will need to be met.
- 10.2. The new system will have implications both for the HRA and General Fund, particularly with regards to the treatment of remaining debt and our future treasury management strategy. Members will therefore need to bear in mind their priorities in relation to the Council's housing management service and consider the HRA as part of their overall budget strategy for 2012-15.
- 10.3. Valuation of the housing business will be based on assumptions about each local authority's income and need to spend over 30 years, and hence there will be a requirement for each authority to develop and maintain an HRA 30 Year Business Plan.
- 10.4. The Housing Revenue Account (HRA) relates to the activities of the Council as landlord of its dwelling stock. Income to the HRA is primarily derived from tenants' rents, service charges and government subsidy. Expenditure includes repairs and maintenance and the provision of services to manage the Council's housing stock. Expenditure not met by Housing Revenue Account subsidy must mainly be met from Council tenants and leaseholders. One of the aims of self-financing is to provide greater transparency for council tenants. Under the new system it will be easier for tenants to see a clear relationship between the level of rent that they pay, and the services that they receive from the Council.

10.5. The Council has agreed a HRA financial strategy focusing on efficiencies with regard to:

- Costs of management and admin (including THH Core, and Council recharges);
- Costs that are recharged to leaseholders, whilst reducing service charge arrears;
- Capital investment and revenue maintenance (medium to long-term)

As part of that strategy, the Cabinet agreed a 3 year efficiency target for management and administration of £4.7million for the 3 years from 2011-14. £3million of those efficiencies were identified for the current year. The next 3 year forecast outlined in **Appendix D** suggests that we will need to deliver on the remaining £1.7million over the next 2 years. Any surplus that might arise from this could be utilised for capital investment in the stock.

10.6. In addition to the medium term financial strategy outlined above, the following financial principles to facilitate viability under self-financing were agreed by Cabinet on July 7th 2010:

- Income from the management of non-dwelling related HRA activities should aim to cover the total cost of providing these services to avoid being subsidised from tenants rents;
- Rents should not subsidise service charges, nor vice versa;
- The Council aims to achieve rent convergence in line with Government guidelines (currently 2015/16);
- High emphasis on debt collection is maintained to minimise provision for bad debts;
- Treasury management strategy for the HRA focuses on longer term stability at a rate below the CLG discounted net present value.

10.7. Even though self-financing allows certain freedoms, it is Government policy to continue with rent restructuring and rent convergence in 2015/16. .

10.8. The introduction of self-financing and the 30 year HRA business plan puts a new emphasis on the management of assets and the relationship between capital investment and revenue maintenance of the stock. A critical assumption relates to the stock investment and capital expenditure needs. A report on the Housing Investment Programme was considered by Cabinet on June 8th, highlighted the award of £94.5million Decent Homes funding that has been available over the next 4 years, but setting that out in the context of a current backlog investment requirement of some £130million.

11. EQUALITIES

11.1. Equalities considerations are an essential aspect of decision making especially where public policy is concerned. To inform the budget decisions for 2011/12, equality impact assessments were put forward for consideration by Members and were made publicly available via the Council website.

- 11.2. Since the 2011/12 budget was passed, there have been a number of legal challenges to budgetary decisions of public sector organisations on the basis that equality impact assessments were inadequate. In the case of London Councils, a cut in grant funding was successfully challenged on a question of process, while a recent case involving Birmingham found that a decision to tighten eligibility criteria for social care was not handled properly. In both cases, this led to a full or partial reversal of the decision, with financial implications for the organisations involved.
- 11.3. The judgements have clarified the law in relation to equalities. Officers are satisfied that Tower Hamlets processes with respect to 2011/12 were sound. However as time goes on, further budget decisions will need to be taken which are more likely to affect front-line service delivery and will be more controversial.
- 11.4. It is therefore intended to produce full Equalities Impact Assessments for any decision which has the potential to affect equalities to be considered at February's Budget Council meeting in October, with details of opportunities and resources required to mitigate any negative impact and to include where appropriate the outcome of consultation with service users.

12. NEXT STEPS

12.1 Budget Timetable

A series of budget review reports will be brought to Cabinet over the next six months. Over this period the budget strategy may be refined and ideas and opportunities for closing the current projected budget gap will be developed together with the associated Equality Impact Assessments.

- 12.2 As part of the same process, specific proposals for schemes to be included in the capital programme together with their associated sources of funding will also be developed.

12.2 Instructions to Officers

Following this meeting, the Corporate Director of Resources will issue instructions to officers to seek options for delivering the budget approach agreed by the Cabinet in accordance with the timetable.

13. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 13.1 The comments of the Chief Financial Officer are the subject of this report of which he is the author.

14. RISK MANAGEMENT IMPLICATIONS

- 14.1 The absence of a forward financial forecast would expose the Council to the risk of making decisions which are not sustainable in the longer term, or of

missing opportunities which might only be identified through a longer term planning horizon. Furthermore, inadequate integration of service and financial planning gives rise to the possibility of service planning without regard to affordability, or a budget that does not direct resources to service priorities.

- 14.2 This report, and its subsequent development, is intended to substantially address those risks.
- 14.3 The timetable includes provision to consider specific financial risks as part of the budget making process, initially in the Autumn. The Director of Resources will report further to Members throughout the budget process.

15. EFFICIENCY STATEMENT

- 15.1 The efficiency and value for money implications of individual budget proposals will be set out as part of the budget process as it progresses.

16. CONCURRENT REPORT OF THE CHIEF LEGAL OFFICER

- 16.1. The report provides Cabinet with information concerning the current financial outlook, the budget process and the housing revenue account. Cabinet is asked to determine a budget strategy and agree a budget process.
- 16.2. The setting of the budget falls to the Full Council under the Council's Constitution. The Council is required pursuant to section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The chief finance officer is responsible for that administration. It is proper for the chief finance officer to bring forward the information in the report to Cabinet, for Cabinet to determine a strategy for preparation of the budget and for Cabinet to agree a budget process.
- 16.3. The Council is subject to a duty under the Equality Act 2010, when carrying out its functions, to have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. This duty extends to making budget and budget-related decisions. Some form of equality analysis will be required and the report sets out how extensive this will be.
- 16.4. Some budget-related decisions may be subject to statutory or other consultation requirements and these will need to be accommodated within the budget timetable.

17. ONE TOWER HAMLETS CONSIDERATIONS

17.1. The budget and Medium Term Financial Plan is one of the main instruments through which the Council delivers its Strategic Plan, including its objective to promote One Tower Hamlets. It is important that decisions taken as part of the budget process take account of equalities and diversity issues.

18. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

18.1 SAGE considerations have been taken into account in the forecasts.

19. INDEX OF APPENDICES

Appendix	Detailing the following:
A	Revised Medium Term Financial Plan 2011/12- 2014/15
B	Service Growth
C	Approved Savings Programme 2011/12- 2013/14.
D	Housing Revenue Account

LOCAL GOVERNMENT ACT 1972 (SECTION 100D)
LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background papers"	Tick if copy supplied for register	If not supplied, name and telephone number of holder
Medium Term Financial Plan 2011-12 to 2013-14 Held by Resources Directorate (4th floor, Mulberry Place)		Alan Finch 020-7364-4915

Medium Term Financial Plan 2011-12 to 2014-15

Appendix A

	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000	Movements £'000
Service Net Spend	366,083	310,960	293,533	293,127	366,083
Growth					
Demand	5,500	5,500	5,500	5,500	22,000
Service Development	4,287	-	-	-	4,287
Inflation	4,479	4,900	6,900	6,900	23,179
Corporate Risk Provision	3,000	-	-	-	3,000
Capital Financing &Pensions	1,677	870	1,584	-	4,131
Savings					
Prior Year savings commitments	(5,367)	2,320	-	-	(3,047)
Approved Savings Programme	(29,322)	(13,737)	(11,829)	-	(54,888)
To be identified	-	(18,976)	(561)	(26,666)	(46,203)
Core Grant (non-ringfenced) Funding	(39,377)	1,696	(2,000)	(2,000)	(41,681)
Total Financing Requirement	310,960	293,533	293,127	276,861	276,861
Formula Grant	229,673	211,835	209,411	191,077	
Council Tax	81,287	81,698	83,716	85,784	
Total Funding	310,960	293,533	293,127	276,861	276,861

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SUMMARY GROWTH RISKS 2011/12 - 2013/14

Appendix B

Adults, Health & Wellbeing

	2011-12	2012-13	2013-14	Total 2011/12-2013/14
	£000's	£000's	£000's	
GRO/AHWB/02(09)	2,145	2,860	2,860	7,865
GRO/AHWB/01 (11)	602	802	802	2,206
Total Growth Bids	2,747	3,662	3,662	10,071

Communities Localities & Culture

	2011-12	2012-13	2013-14	Total Budget 2011/12-2013/14
	£000's	£000's	£000's	
GRO/CLC/06 (11)	2,246	2,246	2,246	6,738
Total Growth Bids	2,246	2,246	2,246	6,738

Children, Schools & Families

	2011-12	2012-13	2013-14	Total Budget 2011/12-2013/14
	£000's	£000's	£000's	
GRO/CSF/01 (11)	1,740	2,860	3,700	8,300
Total Growth Bids	1,740	2,860	3,700	8,300

Development & Renewal

	2011-12	2012-13	2013-14	Total Budget 2011/12-2013/14
	£000's	£000's	£000's	
GRO/DR/01 (11)	100	100	100	300
GRO/DR/02 (11)	550	550	550	1,650
Total Growth Bids	650	650	650	1,950

Total Growth Bids (All Directorates)

	7,383	9,418	10,258	27,059
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Directorate Service Improvement						
Ref No.	Directorate	Current Name	2011/12 Year 1 £'000	2012/13 Year 2 £'000	2013/14 Year 3 £'000	TOTAL £'000
AHWB/1	Adults Health & Wellbeing	Promoting Independence and reducing demand for domiciliary care through Reablement	540	1,349	842	2,731
AHWB/2	Adults Health & Wellbeing	Better use of Supported Housing	250	630	940	1,820
AHWB/3	Adults Health & Wellbeing	Modernising Learning Disability Day Services	200	600	600	1,400
AHWB/5	Adults Health & Wellbeing	Care Management Levels	220	0	0	220
AHWB/6	Adults Health & Wellbeing	Housing Link	252	60	0	312
AHWB/7	Adults Health & Wellbeing	New Business Procurement with Framework I	120	0	0	120
		Total (Adults Health & Wellbeing)	1,582	2,639	2,382	6,603
CE/2	Chief Executive	Review of Democratic Services and Member Support	243	80	0	323
		Total (Chief Executive)	243	80	0	323
CLC/1	Communities Localities & Culture	Parking Driving Change through enhanced Performance	1,250	1,000	0	2,250
CLC/2	Communities Localities & Culture	Highways income and efficiencies opportunities	200	800	50	1,050
CLC/3	Communities Localities & Culture	Pest Control Service review	125	0	0	125
CLC/4	Communities Localities & Culture	Review of Supervised Adventure Play Activities	164	50	0	214
CLC/5	Communities Localities & Culture	Service Rationalisation - Restructure/Redesign of Directorate Enforcement Functions	614	172	0	786
CLC/6	Communities Localities & Culture	Service Integration - Reorganisation of Clean and Green Group and Rationalisation of Management of Parks and Open Spaces	608	0	0	608
CLC/7	Communities Localities & Culture	Commercial Waste Income Opportunities	300	350	400	1,050
		Culture)	3,261	2,372	450	6,083
CSF/1	Children, Schools & Families	Redesign and integration of Early Years and Children's Centres Management	2,978	0	0	2,978
CSF/2	Children, Schools & Families	Family wellbeing model	0	0	200	200
CSF/3	Children, Schools & Families	Redesign support for young people aged 13-19 to reflect need	727	0	0	727
CSF/4	Children, Schools & Families	Pupil Transport efficiency review	50	150	100	300
CSF/5	Children, Schools & Families	Review of Extended Schools Services	753	120	0	873
CSF/6	Children, Schools & Families	Redesign of parent support and advice to reflect need	35	50	40	125
CSF/9	Children, Schools & Families	Government Transfer of functions for student Awards	300	0	0	300
CSF/10	Children, Schools & Families	Review and rationalisation of emotional health and wellbeing support	179	0	0	179
		Total (Children, Schools & Families)	5,022	320	340	5,682
D&R/1	Development & Renewal	Transformation of front end to back office functions through planning digitisation	64	186	0	250
D&R/2	Development & Renewal	Corporate Subscriptions Deletion	25	75	100	200
D&R/3	Development & Renewal	Review of Employment and Enterprise and 2012 legacy arrangements	110	40	40	190
		Total (Development & Renewal)	199	301	140	640
ALL/1	All Directorates	Directorate Supplies & Service Efficiencies	1,205	776	639	2,620
		Total (All Directorates)	1,205	776	639	2,620

Ref No.	Directorate	Current Name	2011/12 Year 1 £'000	2012/13 Year 2 £'000	2013/14 Year 3 £'000	TOTAL £'000
Programme Savings						
BAM/1	Development & Renewal	Better Asset Management	80	481	268	829
		Total (Better Asset Management)	80	481	268	829
IO/1	Schools, Children & Families	Recharge Schools for Support Services	1,873	189	100	2,162
IO/2	Development & Renewal	Review of Planning fee income	250	0	0	250
IO/3	Chief Executive	Shared Legal Services	50	50	50	150
IO/4	All directorates	Improved Income Collection, Debt Management and Fraud prevention	1,560	948	632	3,140
		Total (Income Optimisation)	3,733	1,187	782	5,702
LEAN/1	All Directorates	Management Streamling & Agency Management Reduction	5,916	1,965	1,310	9,191
LEAN/2	All Directorates	Merging Communications, Publications and Participation and Consultation functions	1,200	100	0	1,300
LEAN/3	All Directorates	Strategy Policy and Performance (SPP)	1,010	340	0	1,350
		Total (Lean)	8,126	2,405	1,310	11,841
MOI/1	Resources	Managing our information	750	650	200	1,600
		Total (Managing Our Information)	750	650	200	1,600
SSP/1	All Directorates	Improve Contract pricing through Contract re-negotiation	273	273	358	904
SSP/2	Communities Localities & Culture	Better targeting of Street Cleansing and Refuse Collection contracts	325	375	825	1,525
SSP/3	Communities Localities & Culture	Events In Parks (overall reduction in summer usage of Victoria Park)	200			200
SSP/4	Communities Localities & Culture	Integrated Public Realm Contract - Service Efficiencies	0	1,200	1,300	2,500
SSP/5	Resources	Telephone Contract renewal	413	0	0	413
SSP/7	Adults Health & Wellbeing	Domiciliary Care Re- Commissioning	1,045	345	0	1,390
SSP/8	Adults Health & Wellbeing	Applying the National Care calculator in order to reduce supplier margins	400	0	0	400
SSP/9	Adults Health & Wellbeing	Shared Re-Commissioning Supporting People Services	760	0	0	760
SSP 10	Communities Localities & Culture	Leisure Service Efficiencies	95	333	495	923
		Total (Successful Strategic Partnership)	3,511	2,526	2,978	9,015
SW/1	Resources	Smarter Working	0	0	2,340	2,340
		Total (Smarter Working)	0	0	2,340	2,340
n/a	Resources	HRIP Delivered in 2010/11 (with savings in 2011/12)	1,500			1,500
n/a	All	Audit Commission reduced fee	45			45
n/a	All	Reduction in London Councils Subscription	65			65
		Total	29,322	13,737	11,829	54,888

**LONDON BOROUGH OF TOWER HAMLETS
HOUSING REVENUE ACCOUNT
MEDIUM-TERM FINANCIAL STRATEGY - 2011/12 TO 2014/15**

Appendix D

HEADING	2011/12 Budget £'000	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000
HRA Income				
Base Budget - previous year	(90,655)	(90,649)	(81,557)	(86,053)
Inflation	(3,240)	(4,312)	(4,495)	(4,750)
HRA Expenditure				
Base Budget - previous year	90,328	90,984	82,410	86,472
Inflation	1,184	4,106	4,315	4,565
Initial Base HRA Budget	(2,383)	130	673	234
Committed Growth				
Buildings for the Future	0	60	60	60
	(2,383)	190	733	294
Approved Savings & Other Adjustments to Base Budget				
Reduced Income arising from Ocean/Blackwall regeneration schemes		689		4,237
Reduced costs arising from Ocean/Blackwall regeneration schemes		(606)		(3,777)
Transition to Self Financing - Loss of Subsidy	2,014	12,114		
Transition to Self Financing - reduced interest	298	(11,954)		
Other adjustments	71	145	(589)	(438)
Savings Required to maintain a Balanced Budget	0	(578)	(144)	(316)
Balanced Budget	0	(0)	(0)	(0)
HRA Balances				
Balances at beginning of year	(12,786)	(12,786)	(12,786)	(12,786)
Balances at end of year	(12,786)	(12,786)	(12,786)	(12,786)

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Agenda Item 8.2

Committee: OVERVIEW AND SCRUTINY	Date: 2 August 2011	Classification: Unrestricted	Report No.	Agenda Item No.
Report of: Assistant Chief Executive Originating Officer(s): Antonella Burgio Democratic Services Officer			Title: Cabinet Report Contracts Forward Plan: Wards: All	

1. SUMMARY

- 1.1 The attached report of the Corporate Director, Resources is presented to Overview and Scrutiny Committee following its decision on 5 July 2011 to focus on a number of issues in the Cabinet plan including the Contracts Forward Plan.

2. RECOMMENDATION

- 2.1 That the Committee consider the contents of the attached report.

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

Brief description of "background paper"

Cabinet report - 3 August 2011

Name and telephone number of holder
and address where open to inspection
Democratic Services
0207 364 4881

Committee/Meeting: Cabinet	Date: 3 August 2011	Classification: Unrestricted	Report No:
Report of: Corporate Director: Resources		Title: Contracts Forward Plan	
Originating officer(s) Richard Parsons, Service Head Procurement and Corporate Programmes Resources Ext 4608		Wards Affected: All	

Lead Member	Resources
Community Plan Theme	One Tower Hamlets
Strategic Priority	Resources

1. **SUMMARY**

- 1.1 The Council's Procurement Procedures require a quarterly report to be submitted to Cabinet, laying down a forward plan of supplies and services contracts over £250,000 in value, or capital works contracts over £5 million. This provides Cabinet with the visibility of all high value contracting activity, and the opportunity to request further information regarding any of the contracts identified. This report provides the information for the period September 2011 to August 2012.
- 1.2 Only contracts which have not previously been reported are included in this report.

2. **DECISION REQUIRED:**

Cabinet is recommended to:-

1. Consider the contract summary at Appendix 1, and identify those contracts about which specific reports – relating either to contracting strategy or to contract award – should be brought before Cabinet prior to contract award by the appropriate Chief Officer for the service area;
2. Authorise the relevant Corporate Director who holds the budget for the service area to award the contract or contracts and, following consultation with the Assistant Chief Executive (Legal Services), to arrange for the execution of all necessary contract documents.

3. REASONS FOR THE DECISIONS

- 3.1 The Council's Procurement Procedures require submission of a quarterly forward plan of contracts for Cabinet consideration, and it is a requirement of the Constitution that "The contracting strategy and/or award of any contract for goods or services with an estimated value exceeding £250,000, and any contract for capital works with an estimated value exceeding £5,000,000, shall be approved by the Cabinet in accordance with the Procurement Procedures". This report fulfils these requirements for contracts to be let during the period September 2011 to August 2012.
- 3.2 The Appendix shows known contracts to be let during the period, which have not been previously advised to Cabinet. It excludes one contract, which will be reported separately: namely, the Future Sourcing Strategic Partner, which is intended to appoint a strategic partner to assist the Council in delivering ICT services, Finance and HR systems, and potentially other back office services. This contract will be the subject of a separate report to Cabinet in due course.

4. ALTERNATIVE OPTIONS

- 4.1 As bringing a consolidated report on contracting activity is considered the most efficient way of meeting the requirement in the Constitution, whilst providing full visibility of contracting activity, no alternative proposals are being made.

5. BACKGROUND

- 5.1 This report provides the forward plan for the period September 2011 to August 2012 (Appendix 1), and gives Cabinet Members the opportunity to select contracts about which they would wish to receive further information, through subsequent specific reports.

6. FORWARD PLAN OF CONTRACTS

- 6.1 Appendix 1 details the new contracts which are planned during the period September 2011 to August 2012. This plan lists all of the new contracts which have been registered with the Procurement Service, and which are scheduled for action during the period in question. Contracts which have previously been reported are not included in this report. Whilst every effort has been made to include all contracts which are likely to arise, it is possible that other, urgent requirements may emerge. Such cases will need to be reported separately to Cabinet as individual contract reports.
- 6.2 Cabinet are asked to review the forward plan of contracts, confirm its agreement to the proposed programme, and identify any individual contracts about which separate reports – relating either to contracting strategy or to contract award – will be required before proceeding.

- 6.3 Equalities and diversity implications – and other One Tower Hamlets issues – are addressed through the Council’s internal tollgate process which provides an independent assessment of all high value contracts, and ensures that contracting proposals adequately and proportionately address both social considerations and financial ones (such as savings targets). The work of the Competition Board and the Procurement & Corporate Programmes Service ensures a joined-up approach to procurement.
- 6.4 The tollgate process is an internal procurement project assurance methodology, which is designed to assist in achieving successful outcomes from the Council’s high value contracting activities (over £250,000 for revenue contracts, and £5,000,000 for capital works contracts). All tollgate reviews are reported to Competition Board, and when appropriate contract owners are interviewed by the Board; contracts require approval of the Board before proceeding.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 This report describes the quarterly procurement report of the forward plan (September 2011 to August 2012.) to be presented to Cabinet for revenue contracts over £250,000 in value and capital contracts over £5 million as required by the Council’s Procurement Procedures agreed by Cabinet on 4th November 2009.
- 7.2 Approximately £10.715M of goods and services will be procured from external suppliers over the period September 2011 to August 2012 and a substantial value of works through the capital programme. Procured services comprise around 40% of the Council’s annual expenditure and control of procurement processes is thus crucial to delivering value for money for local residents as well as managing the risks that may arise if procurement procedures go wrong. Consideration of the plan by Cabinet operates as an internal control and also provides the opportunity for the Mayor to comment on specific procurements at an early stage.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

The Council has adopted financial procedures for the proper administration of its financial affairs pursuant to section 151 of the Local Government Act 1972. These generally require Cabinet approval for expenditure over £250,000. In November 2009, Cabinet approved the procurement procedures, which are designed to help the Council discharge its duty as a best value authority under the Local Government Act 1999 and comply with the requirements of the Public Contract Regulations 2006. The procurement procedures contain the arrangements specified in the report under which Cabinet is presented with forward plans of proposed contracts that exceed the thresholds in paragraph 3.1 of this report. The arrangements are consistent with the proper administration of the Council’s financial affairs.

9. ONE TOWER HAMLETS CONSIDERATIONS

9.1 Equalities and diversity implications – and other One Tower Hamlets issues – are addressed through the tollgate process, and all contracting proposals are required to demonstrate that both financial and social considerations are adequately and proportionately addressed. The work of the Competition Board and the Procurement & Corporate Programmes Service ensures a joined-up approach to procurement.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 Contracts are required to address sustainability issues in their planning, letting and management. Again, this is assured through the tollgate process, and supported through the Procurement & Corporate Programmes Service’s Corporate Social Responsibility work stream.

11. RISK MANAGEMENT IMPLICATIONS

11.1 Risk management is addressed in each individual contracting project, and assessed through the tollgate process.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 There are no specific crime and disorder reduction implications.

13. EFFICIENCY STATEMENT

13.1 Contract owners are required to demonstrate how they will achieve cashable savings and other efficiencies through individual contracting proposals. These are then monitored throughout implementation.

14. APPENDICES

Appendix 1 – Contracts Planned, July 2011 to June 2012.

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
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None	N/A
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APPENDIX ONE – NEW CONTRACTS PLANNED JULY 2011 – JUNE 2012

Lead Directorate	Description	Contract Period	Planned Date for Invitation to Tender	Est. Value	Funding Source	Notes
D&R	Corporate Contract for Provision of Technical Advisers for Construction (including architects, quantity surveyors, engineers, clerks of works, health & safety advisers)	January 2012 – December 2015	N/A	£5m per annum	Mainly capital	Framework for provision of technical advice services relating to construction contracts.
CSF	Overnight short breaks lot one for children with Complex Needs and the Lot 2 for children with Autistic Spectrum Disorder (ASD)	December 2011 – November 2014			Revenue	
CSF	Milk for Schools	January 2012 – December 2014	August 2011	£370,000 per annum	Revenue	
AHWB	Independent Living Support Service	January 2012 - December 2014	August 2011	£300k	AHWB commissioning budgets	New Contract Service currently being piloted with Disability Coalition Tower Hamlets in order to inform service specification.

Lead Directorate	Description	Contract Period	Planned Date for Invitation to Tender	Est. Value	Funding Source	Notes
AHWB	Community Equipment services	January 2012 - December 2015	August 2011	£750k	AHWB commissioning budgets / PCT commissioning budgets.	All currently spot purchased via supplier catalogues.
AHWB	Information, advice and advocacy services	April 2012 - March 2015	August 2011	£275k	AHWB Commissioning Budgets	
AHWB	Learning disability day options (multiple contracts)	April 2012 - March 2015	September 2011	£2.9million	AHWB Commissioning Budgets	
AHWB	Mental Health day options (multiple contracts)	April 2012 - March 2015	September 2011	TBC	AHWB Commissioning Budgets	
AHWB	Carers Services (multiple contracts)	April 2012 - March 2015	September 2011	£1.05million	AHWB Commissioning Budgets	Review of Carers Strategy underway, and will lead to new commissioning plan.

Agenda Item 8.3

Committee	Date	Classification	Report No.	Agenda Item No.
Overview and Scrutiny	2 August 2011	Unrestricted		
Report of: Assistant Chief Executive (Legal Services) Originating Officer(s): David Galpin Head of Legal Services – Community		Title: RIPA – Annual Report for 2010/2011 Ward(s) affected: All		

1. Summary

- 1.1 This report updates the Overview and Scrutiny Committee on the Council's use of the Regulation of Investigatory Powers Act 2000 ("RIPA").

2. Recommendation

- 2.1 The Overview and Scrutiny Committee is asked to consider and comment on the information contained in Appendix 1.

3. Background

- 3.1. The report to the Standards Committee of 19 July 2011 is contained in Appendix 1. The report sets out relevant information on RIPA, together with legal and finance comments and information about One Tower Hamlets and risk management.

LOCAL GOVERNMENT ACT, 2000 (SECTION 97)

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Background papers

Name and telephone number of and address where open to inspection

None

N/A

APPENDIX 1

Committee: Standards	Date: 19 July 2011	Classification: Unrestricted	Report No:	Agenda Item:
Report of: Assistant Chief Executive (Legal Services) Originating officer(s) David Galpin, Head of Legal Services - Community		Title: Covert investigation under the Regulation of Investigatory Powers Act 2000 – Annual Report for 2010/2011 Wards Affected: All		

1. **Summary**

- 1.1. The codes of practice issued by the Home Office in relation to Part 2 of the Regulation of Investigatory Powers Act 2000 (“RIPA”) recommend that elected members have oversight of the Council’s use of covert investigation. The Standards Committee's terms of reference enable the committee to receive reports on the Council's authorisation of covert investigations under RIPA.
- 1.2. This report reviews the Council’s activities under RIPA in 2010/2011, reports on the results of inspections and summarises the impacts expected when the Protection of Freedoms Bill becomes law.

2. **Decisions required**

The Committee is recommended to consider and comment on the following –

- 2.1. The information regarding RIPA activity by the Council in 2010/2011.
- 2.2. The results of inspections in 2010/2011.
- 2.3. The information about the Protection of Freedoms Bill and its likely consequences.

3. **Fourth Quarter**

- 3.1. In the fourth quarter of 2010/2011, Legal Services granted 1 unique reference number for a proposed RIPA application: CS0021. An application was subsequently made and authorised. A summary of this authorisation is contained in Appendix 1.

4. **Directed surveillance authorisations in 2010/2011**

- 4.1. In total 21 covert surveillance matters are recorded on the central record for the 2010/2011 financial year. These applications all came from the council’s communities localities and culture directorate and were dealt with as follows –

Application outcomes:

Authorisation granted	12
Authorisation refused	2
Application rejected by gatekeeper	4
Application withdrawn	3
Total:	21

- 4.2. The 12 authorisations granted compared to [HOW MANY?] in 2009/2010. The authorisations were granted for investigations in the following enforcement areas –

Subject matter of investigation:

Anti-social behaviour	5
Consumer protection and counterfeit goods	2
Illegal money lending	1
Graffiti and fly-posting	1
Touting	2
Fly tipping	1
Total:	12

- 4.3. This compares favourably with the following priority areas expressed in the Council's covert surveillance policy –

- Anti-social behaviour
- Fly-tipping
- Unlawful street vending of DVDs and tobacco
- Underage sales of knives, tobacco, alcohol and fireworks
- Fraud, including misuse of disabled parking badges and claims for housing benefit
- Illegal money-lending and related offending
- Breach of licence.

- 4.4. The map in Appendix 2 shows the distribution of authorised directed surveillance areas across the borough.

- 4.5. A summary of outcomes and action taken is set out in Appendix 3. There have been some notable successes, particularly in relation to touting in Brick Lane (CS0007) and waste dumping around the Petticoat Lane Market area (CS0009). Some lessons have been learnt. In the case of CS 0018, no sales were observed during the surveillance and which was predominantly attributable to the fact that there was another Police/ Local Authority operation in that area. This highlighted the need for proper tasking to ensure that there are no such clashes and which is now occurring.

5. Covert Human Intelligence Sources

- 5.1 There were no requests during 2010/2011 for authorisation to use covert human intelligence sources. This is consistent with the Council's policy, as no-one has demonstrated the skill and experience to handle a covert human intelligence source to the satisfaction of the Assistant Chief Executive (Legal Services).

6. Interception of communications

- 6.1 The interception of communications is dealt with under Part 1 of RIPA (by contrast, directed surveillance and the use of covert human intelligence sources are dealt with under Part 2 of RIPA). A total of 22 applications were received by the Council's single point of contact, of which 2 were either rejected or withdrawn. The 20 remaining applications were approved. Of these, 13 were from the Illegal Money Lending Team and 7 were from Trading Standards. In each case the applications were for subscriber records.

7. Inspections in 2010/2011

- 7.1. The Office of Surveillance Commissioners inspected the Council twice in 2010/2011 in relation to its use of directed surveillance and covert human intelligence sources under Part 2 of RIPA.

- 7.2. The first inspection was in June 2010 and was not favourable, with the inspector determining to return in six months to conduct a further inspection. This resulted in an internal review of the Council's use of RIPA, with action as follows –

13 July 2010	Review by corporate management team
8 September 2010	Cabinet agrees new enforcement policy, new RIPA policies and recommends constitutional change to give oversight to Standards Committee
21 September 2010	Review by corporate management team
5 October 2010	Overview and Scrutiny consider Cabinet's decision of 8 September 2010
27 October 2010	Full Council revises the terms of reference of the Standards Committee to allow oversight.
23 November 2010	Reports to Standards Committee commence

- 7.3. A follow-up inspection took place on 21 January 2011 at which time the OSC found the Council much improved. The OSC report, dated 10 February 2011, stated that there had been "an enormous improvement" and that "it is difficult to envisage what more could have been done in a relatively short period". The OSC referred positively to the revised policies and procedures, stringent oversight, improved training and the active involvement of council members.

- 7.4. The IOCCO inspected the Council on 1 September 2010 in relation to its interception of communications under Part 1 of RIPA. The Inspector advised that: "Overall I was

generally satisfied that the Council is acquiring communications lawfully and for a correct statutory purpose". A key suggestion was that the council should consider using the single point of contact (SPoC) facility offered by the National Anti-Fraud Network ("NAFN"). This change was introduced from January 2011. It means that NAFN carries out a gate-keeping function for the Council. NAFN checks that applications meet the legislative requirements before submission to the council's authorising officer for approval.

8. Protection of Freedoms Bill

- 8.1. The Freedom Bill was presented to Parliament on 11 February 2011. It has subsequently been re-named the Protection of Freedoms Bill.
- 8.2. The explanatory notes published with the Bill make reference to the Home Secretary's review of counter-terrorism and security powers, conducted from July 2010 to January 2011, which concluded that directed surveillance by local authorities should be subject to a seriousness threshold and that all covert techniques available to local authorities under RIPA should be subject to a magistrates' approval mechanism. The explanatory notes state that –

Chapter 2 of Part 2 amends the Regulation of Investigatory Powers Act 2000 ("RIPA") so as to require local authorities to obtain judicial approval for the use of any one of the three covert investigatory techniques available to them under the Act, namely the acquisition and disclosure of communications data, and the use of directed surveillance and covert human intelligence sources ("CHIS").

- 8.3. As drafted, the Bill requires that a relevant council officer first grant an authorisation, following which it must be presented for judicial approval. This means that the council must, in effect, retain its own internal system of control. The justice must be satisfied that there are reasonable grounds for believing the requirements of the Act have been met, this would include being satisfied that the action is necessary and proportionate. The justice will also need to be satisfied that the correct level of officer granted the authorisation (the council's procedures cover this) and that any prescribed conditions are satisfied.
- 8.4. The order prescribing conditions with which authorisations will need to comply has not yet been published. However, the explanatory notes make it clear that in relation to directed surveillance there will be a "seriousness threshold". This is clearly designed to prevent the much publicised incidents of local authorities using directed surveillance to tackle dog fouling or for checking an individual resides in a school catchment area. The review of counter-terrorism and security powers recommended the application of a threshold based on the maximum custodial sentence applicable to an offence. The review found the choice between a 6-month and 1-year to be "finely balanced" but ultimately recommended that:

Use of RIPA to authorise directed surveillance only should be confined to cases where the offence under investigation carries a maximum custodial sentence of 6 months or more. But because of the importance of directed surveillance in corroborating investigations into underage sales of alcohol and

tobacco, the Government should not seek to apply the threshold in these cases. The threshold should not be applied to the two other techniques (CD and CHIS) because of their more limited use and importance in specific types of investigation which do not attract a custodial sentence.

- 8.5. It is expected that this recommendation will be implemented by order once the Freedom Bill becomes law. If it is, then directed surveillance will continue to be available to the council in relation to a number of the offences that it prosecuted in 2010/2011. A list of the offences for which directed surveillance will likely remain available is set out in Appendix 4, grouped by reference to the council's strategic priorities for RIPA.
- 8.6. At the time of writing, the Protection of Freedoms Bill was at the committee stage in the House of Commons. A further update will be provided to the Standards Committee once the Bill becomes law.
- 8.7. There will be a need to revise the council's policies and guidance manuals in relation to RIPA to reflect the changes made to the approvals process.

8. Comments of the Chief Finance Officer

- 8.1. This is a report of the Council's use of the Regulation of Investigatory Powers Act 2000 ("RIPA") to the Standards Committee. There are no financial implications arising from the recommendations in this report.

9. Concurrent report of the Assistant Chief Executive (Legal)

- 9.1. Legal implications are addressed in the body of the report.

10. One Tower Hamlets

- 10.1. Enforcement action that complies with the five principles expressed in the Council's enforcement policy should help to achieve the objectives of equality and personal responsibility inherent in One Tower Hamlets.
- 10.2. The Council's enforcement policy was the subject of an equality impact assessment before adoption and it is considered that any indirect discrimination arising from targeted action is justifiable and not unlawful under the Equality Act 2010.
- 10.3. Necessity and proportionality are key considerations in respect of every application for authorisation under RIPA to ensure that the action comes within Article 8(2) of the European Convention on Human Rights and that the Council does not breach its obligations under the Human Rights Act 1998.

11. Sustainable Action For A Greener Environment

- 11.1. The Enforcement Policy seeks to target the Council's enforcement action in accordance with the Community Plan. The Community Plan contains the Council's sustainable community strategy for promoting or improving the economic, social and environmental well-being of Tower Hamlets and contributing to the achievement of

sustainable development in the United Kingdom. To the extent that the Enforcement Policy aligns enforcement action with the Community Plan it will tend to promote sustainable action for a greener environment.

12. Risk Management Implications

- 12.1. Enforcement action carries with it a variety of inherent risks, including the potential for allegations of over- or under-enforcement, discrimination, adverse costs orders and damage to the Council's reputation. It is considered that proper adherence to RIPA, the codes of practice, the Council's policies and guidance will ensure that risks are properly managed. Oversight by the Standards Committee should also provide a useful check that risks are being appropriately managed.

13. Efficiency Statement

- 13.1 The report does not propose any direct expenditure. Rather, it is concerned with regularising decision-making in areas in which the Council is already active. The Enforcement Policy seeks to ensure that enforcement action is targeted to the Council's policy objectives. This is more likely to lead to efficient enforcement action than a less-controlled enforcement effort. It is also proposed that members will have an oversight role through the Standards Committee. This will provide an opportunity to judge whether the Council's enforcement action is being conducted efficiently.

14. Appendices

Appendix 1	Summary of Quarter 4 RIPA authorisations
Appendix 2	Map of RIPA authorisations
Appendix 3	Summary of outcomes related to 2010/2011 RIPA applications
Appendix 4	Council offences considered likely to meet the seriousness threshold

**Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report**

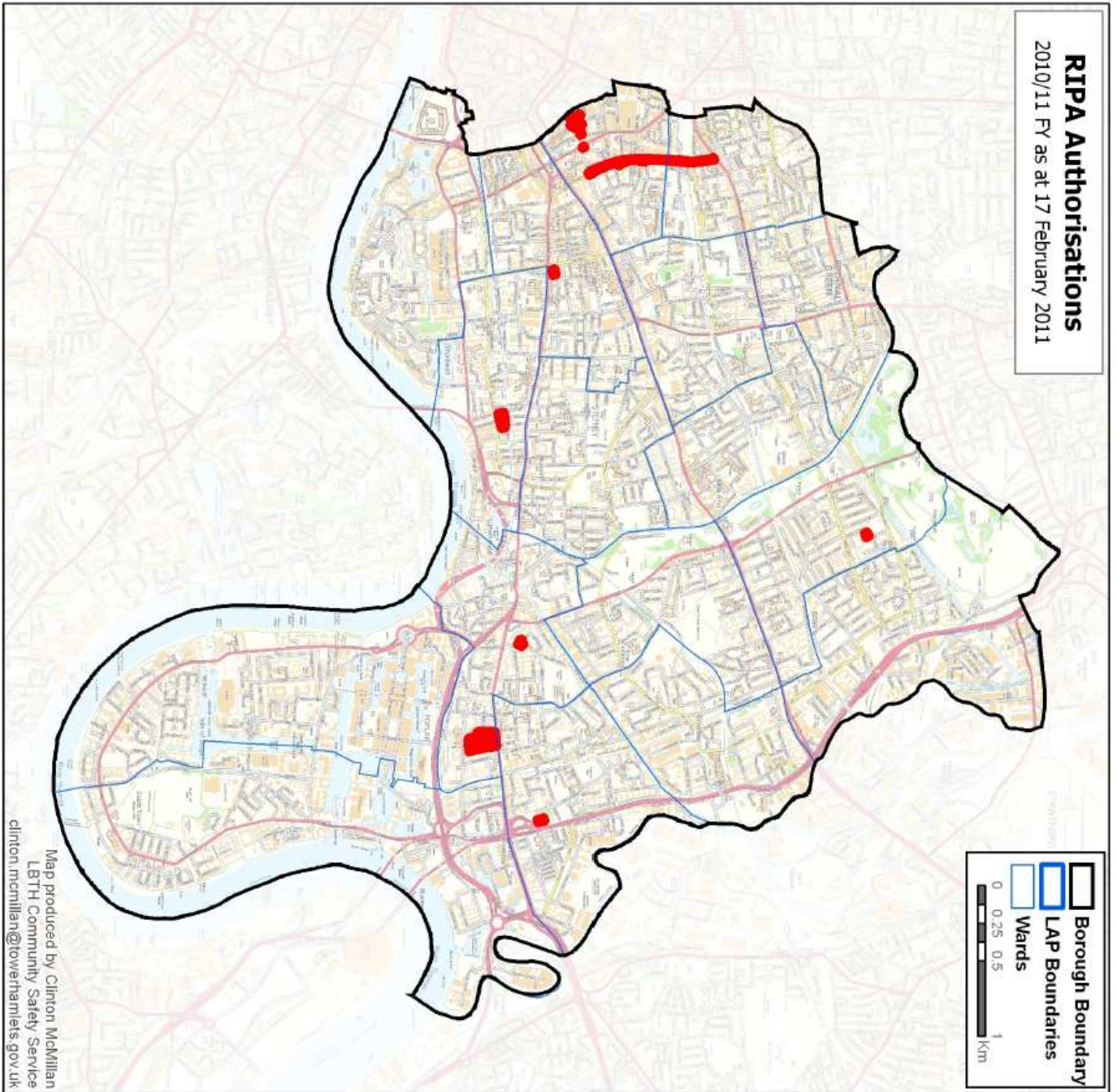
Brief description of "back ground papers"	Name and telephone number of holder and address where open to inspection.
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None	N/A
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APPENDIX 1 - SUMMARY OF QUARTER 4 RIPA AUTHORISATIONS

CS0021	Summary information
Service area:	Trading Standards
URN granted:	13 January 2011
Application on correct form?	Yes
Date of gatekeeper clearance:	13 January 2011
Date of authorisation:	1 February 2011
Expiry date and time:	30 April 2011
Scheduled review date(s):	25 February 2011
Dates of reviews:	25 February 2011, 25 March 2011, 25 April 2011
Cancellation:	25 April 2011
Total time open:	84 Days
Type of covert investigation:	Directed surveillance (use of covert recording equipment as part of test purchases and use of CCTV to track test purchasers)
Subject matter of investigation:	Touting in Brick Lane
Necessity:	Continued touting observed in Brick Lane resulting in offences under the Local Government Act 1972 (breach of bye law), the Licensing Act 2003 (breach of licence condition), and the Consumer Protection from Unfair Trading Regulations (false inducements, aggressive commercial practices).
Proportionality:	Touts have been prosecuted previously. Every restaurant in the vicinity was written to in January 2011 warning of the criminal consequences of misleading offers. Licenses were reviewed following a previous operation. Overt actions do not capture sufficient evidence.
Collateral intrusion:	There is the possibility for collateral intrusion by capturing unrelated conversations. Images may be captured of passers-by and restaurant customers. A tape would be prepared of evidence and other material would be sealed and kept for disclosure purposes in any criminal proceedings.
Outcome:	Evidence of touting captured as a result of which: one premises accepted the addition of a touting condition to its premises license; and one premises operator was warned in respect of an offence. Information was obtained in respect of five other premises, in respect of which offences are continuing.

APPENDIX 2



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APPENDIX 3 – SUMMARY OF OUTCOMES RELATED TO 2010/2011 RIPA APPLICATIONS

<u>URN</u>	<u>BRIEF DESCRIPTION</u>	<u>OUTCOME</u>
CS 0001	To establish if evidence of arson & drug taking & other ASB in the bin chamber at Sandall House	The covert recording showed no incidents of arson etc. Further the bin chamber is locked shut when Old Food housing staff not on site. Further no further incidents have been reported by Old Ford Housing
CS 0002	To see whether misleading banner being displayed	The covert recording showed that the misleading banner was not being displayed. Another banner was observed, however, that could have been false and misleading. The investigation into this revealed that a Company other than the restaurant owner was involved in selling restaurant accolades and an investigation into that Company is ongoing
CS 0003	To establish if evidence of drug taking & prostitution in common parts of Peter Best House	The covert recording showed no reported incidents to substantiate the allegation
CS 0004	To identify perpetrators throwing large objects from high floors of Balfron Tower	A perpetrator was identified and it is understood that there are ongoing possession proceedings being taken by Poplar HARCA
CS 0005	To monitor and examine text messages	No relevant information obtained but perpetrator has been charged with offences and case listed for trial in August with 5 to 6 day time estimate.
CS 0006	To gather evidence of criminal damage and fly posting	No relevant evidence received but this was due to the perpetrators being tipped off as to location of covert cameras and covert cameras being destroyed and the matter referred to the Police. The Council is not undertaking any further investigation

<u>URN</u>	<u>BRIEF DESCRIPTION</u>	<u>OUTCOME</u>
CS 0007	To gather evidence regarding touting	<p>9 restaurants identified as employing touts. 9 reviews of Premises Licences were taken as a result. All successful with additional touting conditions being imposed and in 3 cases the Premises Licence was suspended: for 3 months, 2 weeks and 1 week respectively. The case involving the 2 week suspension was appealed to the Magistrates' Court by the Premises Licence holder and the Appeal was unsuccessful.</p> <p>4 of the 9 were also investigated with a view to prosecution. In 1 of the 4 cases no proceedings were issued as there was not a realistic prospect of a conviction. In 2 of the remaining 3, proceedings have been issued and the remaining case, the papers are currently being considered</p>
CS 0008	To gather evidence of underage sales of tobacco and aerosol spray paint	Due to what was proposed, this was not authorised. Test purchases took place without the use of covert recording equipment over 2 consecutive days. On day 1, 14 test purchases of which only 2 resulted in sales and on day 2, 16 test purchases with only 1 sale
CS 0009	To identify businesses unlawfully dumping waste in and around the "Petticoat Lane Market Area"	18 businesses identified. Fixed Penalty Notices issued in 17 of the cases. 15 were paid. 2 of the Companies were going Court of business so no further action was taken. One business was prosecuted and which resulted in fine, costs etc. totalling £2,110. There was also a reduction for a couple of months after the operation ended of unlawful dumping of business waste in the area
CS 0010	To detect underage sale of alcohol, tobacco, knives and aerosol spray paints to persons under 18	

<u>URN</u>	<u>BRIEF DESCRIPTION</u>	<u>OUTCOME</u>
CS 0011	To establish complaints of harassment, assault and criminal damage	<p>An incident was captured. An injunction was obtained. There has subsequently been breaches of that injunction and the perpetrator is now staying in Manchester until the next Court hearing and which is in July.</p> <p>Separately, activity associated with drug dealing was seen at an unconnected property and this information was referred to the Police for intelligence purposes.</p>
CS 0012	To establish evidence of persons using Class A and Class B drugs	An area that should be secured was noted as being used for drug taking. The area was inspected and items removed that could be viewed to be combustible and the room secured. Individuals who have been seen using drugs were being identified and referred to the Drug and Alcohol Action Team for intervention and engagement
CS 0013	To carry out surveillance in respect of disabled badge misuse	This application was refused by the Authorising Officer as it was not up to standard. Compliance testing is currently being undertaken without using covert surveillance
CS 0014	To carry out surveillance relating to dangerous dogs and dog fouling	This application did not pass the Gatekeeper as it was not up to standard. Advice was given by the Gatekeeper. The investigating officer advises that no alternative enforcement action was taken as it was felt that all other surveillance methods available had been tried and that as complaints continue it is intended to make another RIPA application
CS 0015	To carry out surveillance relating to the sale of and/ or possession for supply of illicit tobacco products	This application was not submitted as it was too late to run the operation as planned. A fresh application was submitted on a later occasion when the surveillance was authorised (see CS 0018).

<u>URN</u>	<u>BRIEF DESCRIPTION</u>	<u>OUTCOME</u>
CS 0016	To examine a USB stick	This application did not pass the Gatekeeper as it was considered that alternative means were available and which should have been considered. The case did not ultimately proceed as there was not a realistic prospect of a conviction. The contents of the USB stick did not have an impact on that decision.
CS 0017	To carry out surveillance in respect of disabled badge misuse	This application was not submitted. Compliance testing is currently being undertaken without using covert surveillance.
CS 0018	To carry out surveillance relating to the sale of and/ or possession for supply of illicit tobacco products	No sales were observed. This was mostly down to the fact that there was another Police/ Local Authority operation in that area. This highlighted the need for proper tasking to ensure that there are no such clashes and which is now occurring.
CS 0019	To carry out surveillance into allegations of Benefit Fraud & misuse of disabled parking permit	The application was submitted to the Gatekeeper but then withdrawn. No other enforcement action has to date been taken
CS 0020	To carry out surveillance in respect of disabled badge misuse	This application was not submitted. Compliance testing is currently being undertaken without using covert surveillance.
CS 0021	To gather evidence regarding touting	7 restaurants identified as employing touts. In respect of 5 of the 7 there are ongoing criminal investigations and Premises Licence reviews are to be made. In the remaining 2 cases, the Premises Licence holder in 1 case has voluntarily accepted the new conditions and no further action is being taken and in the other case, a letter of warning was issued over aiding and abetting breaches of "inducements/touting" bye.

APPENDIX 4 – OFFENCES LIKELY TO SURVIVE THE SERIOUSNESS THRESHOLD (BY REFERENCE TO THE COUNCIL’S RIPA PRIORITIES)

Anti-social behaviour

- Section 1 Crime and Disorder Act 1998 (breach of ASBO)

Fly-tipping

- Sections 33 and 34 of the Environmental Protection Act 1990 (offences relating to disposal etc of Commercial waste)

Unlawful street vending of DVDs and tobacco

- Section 92 Trade Marks Act 1994
- Section 9 Video Recordings Act 1984
- Section 10 Video Recordings Act 1984
- The Tobacco Products (Manufacture, Presentation and Sale) (Safety) Regulations 2002 (Section 12(1) Consumer Protection Act 1987)

Underage sales of knives, tobacco, alcohol, fireworks and aerosol paint

- Section 6 Offensive Weapons Act 1996
- Section 7(1) of the Children and Young Persons Act 1933
- Section 146 Licensing Act 2003
- Regulation 15 Pyrotechnic Articles (Safety) Regulations 2010 (Section 12 Consumer Protection Act 1987)
- Section 54 Anti-social Behaviour Act 2003

Fraud, including misuse of disabled parking badges and claims for housing benefit

- Fraud Act 2006
- Social Security Administration Act 1992
- Section 115(1) Road Traffic Regulation Act 1984

Illegal money-lending and related offending

- Section 39 Consumer Credit Act 1974
- Section 327 Proceeds of Crime Act 2002
- Section 329 Proceeds of Crime Act 2002

Breach of licence

- Sections 136 and 137 Licensing Act 2003 (unauthorised licenseable activity and exposing alcohol for unauthorised sale)
- Consumer Protection from Unfair Trading Regulations 2008

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